

## Auditing Procedures Report V1.04

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name	FAIRFIELD	County	LENAWEE	Type	TOWNSHIP	MuniCode	46-1-070
Opinion Date-Use Calendar	Jun 25, 2008	Audit Submitted-Use Calendar	Jul 16, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 347,594.00	General Fund Balance:	\$ 176,892.00
General Fund Expenditure:	\$ 565,098.00	Governmental Activities Long-Term Debt (see instructions):	\$ 17,988.00
Major Fund Deficit Amount:	\$ 0.00		

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	PHILIP	Last Name	RUBLEY	Ten Digit License Number			1101009223
CPA Street Address	133 W MAIN STREET	City	MORENCI	State	MI	Zip Code	49256
CPA Firm Name	PHILIP R RUBLEY, CPA	Unit's Street Address	1023 PINE STREET	City	JASPER	LU Zip	49248

---

**FAIRFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
MARCH 31, 2008**

**FAIRFIELD TOWNSHIP  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2008**

---

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report	1 - 2
Management Discussion and Analysis	3 - 8
Government – Wide Statement of Net Assets	9
Government – Wide Statement of Activities	10 - 11
Governmental Fund Balance Sheet	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	13
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund Statement of Net Assets	16
Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets	17
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets of Enterprise Funds to the Statement of Activities	18
Proprietary Fund Statement of Cash Flows	19 - 20
Fiduciary Funds Statement of Net Assets	21
Notes to Financial Statements	22 - 35
<b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
Budgetary Comparison Schedule – General Fund	36
Budgetary Comparison Schedule – Fire Fund (Major Special Revenue Fund)	37

---

Combining Balance Sheet – Non-Major Governmental Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	39

# PHILIP R. RUBLEY

- Certified Public Accountant -

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

June 25, 2008

Fairfield Township Board  
Lenawee County  
1023 Pine St.  
P.O. Box 286  
Jasper, MI 49248

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fairfield Township management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

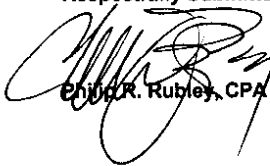
The management's discussion and analysis and budgetary comparison information on pages 3 through 8, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairfield Township basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Fairfield Township**  
**June 25, 2008**

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Respectfully Submitted,**



**Philip R. Rubley, CPA**

PRR/cab

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

---

**Using This Annual Report**

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Fairfield Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**Overview Of The Financial Statements**

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and fire fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary Funds.** The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township has two funds to account for sewer and water activity.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

---

**Notes To The Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, recreation and culture and community development, other functions and interest on debt.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, fiduciary funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Other Information**

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.



---

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

---

**The Township As A Whole**

The Township's net assets for the year ended March 31, 2008 decreased by 3.32% over the prior year, and management feels that even though the economic conditions have been slightly depressed, that the Township was fiscally stable.

The governmental activities reflect net assets of \$843,391.

By far the largest portion of the Township's net assets (68.26%) reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

**FAIRFIELD TOWNSHIP NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b><u>Revenue</u></b>				
Program Revenue:				
Charges for Services	\$ 47,949	\$ 28,357	\$ 105,592	\$ 103,694
Operating Grants and Contributions	6,079	3,390	1,819	30,711
General Revenue:				
Property Taxes	226,721	215,272	---	---
Grants and Contributions Not Restricted To Specific Program	129,727	128,139	---	---
Interest and Rentals				
Earnings	3,055	8,281	22,035	18,267
Transfer In	<u>30,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>Total Revenue</b>	<u>443,531</u>	<u>383,439</u>	<u>129,446</u>	<u>152,672</u>
<b><u>Expenses</u></b>				
General Government	115,531	124,152	---	---
Public Safety	114,829	155,855	---	---
Public Works	207,514	112,972	214,242	221,454
Recreation and Culture	455	---	---	---
Community and Economic Development	1,323	841	---	---
Interest on Long-Term Debt	1,116	3,584	61,353	89,067
Other Functions	9,818	14,949	---	---
Transfer Out	<u>---</u>	<u>---</u>	<u>30,000</u>	<u>---</u>
<b>Total Expenses</b>	<u>450,586</u>	<u>412,353</u>	<u>305,595</u>	<u>310,521</u>
<b>(Decrease) in Net Assets</b>	(7,055)	(28,914)	(176,149)	(157,849)
<b>Net Assets Beginning of Year</b>	<u>850,446</u>	<u>879,360</u>	<u>4,669,832</u>	<u>4,827,681</u>
<b>Net Assets End of Year</b>	<u>\$843,391</u>	<u>\$850,446</u>	<u>\$4,493,683</u>	<u>\$4,669,832</u>

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

**FAIRFIELD TOWNSHIP NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$343,049	\$512,037	\$1,425,565	\$1,506,728
Capital Assets	<u>565,854</u>	<u>388,056</u>	<u>4,376,321</u>	<u>4,504,555</u>
<b>Total Assets</b>	<b><u>\$908,903</u></b>	<b><u>\$900,093</u></b>	<b><u>\$5,801,886</u></b>	<b><u>\$6,011,283</u></b>
Long-Term Liabilities				
Outstanding	\$ 17,988	\$ 31,710	\$1,281,000	\$1,314,000
Other Liabilities	<u>47,524</u>	<u>17,937</u>	<u>27,158</u>	<u>27,451</u>
<b>Total Liabilities</b>	<b><u>65,512</u></b>	<b><u>49,647</u></b>	<b><u>1,308,158</u></b>	<b><u>1,341,451</u></b>
<b>Net Assets</b>				
Invested in Capital Assets,				
Net of Related Debt	547,866	356,346	3,095,321	3,190,555
Unrestricted	<u>237,493</u>	<u>324,743</u>	<u>1,398,362</u>	<u>1,479,277</u>
Reserved - Building	16,290	169,357	---	---
Restricted - Roads	<u>41,742</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>Total Net Assets</b>	<b><u>\$843,391</u></b>	<b><u>\$850,446</u></b>	<b><u>\$4,493,683</u></b>	<b><u>\$4,669,832</u></b>

**Government Activities**

Government activities (decreased) the Township's net assets by \$(7,055).

**The Township's Funds**

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

---

**General Fund Budgetary Highlights**

There were minor differences between the original budget and amended budget.

**Capital Assets And Debt Administration**

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2008, amounted to \$4,942,176 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current year was 3.00%.

Long-term debt of the Township decreased by \$46,722 (see Note 8 of the basic financial statements). There was no new debt incurred in the fiscal year ended March 31, 2008.

**Economic Factors And Next Year's Budget And Rates**

The Township's budget for 2008-2009 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year.

**Contacting The Townships Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at P.O. Box 286, Jasper, Michigan 49248.

**FAIRFIELD TOWNSHIP**  
**Government-wide Statement of Net Assets**  
**March 31, 2008**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and Equivalents	\$106,840	\$ 569,797	\$ 676,637
Receivables - Net	18,185	767,296	785,481
Prepaid Items and Other Assets	218,024	88,471	306,495
Capital Assets Not Being Depreciated	25,000	106,689	131,689
Capital Assets Being Depreciated - Net	<u>540,854</u>	<u>4,269,633</u>	<u>4,810,487</u>
<b>Total Assets</b>	<b><u>\$908,903</u></b>	<b><u>\$5,801,886</u></b>	<b><u>\$6,710,789</u></b>
<b><u>Liabilities</u></b>			
Accounts Payable and Accrued Expenses	\$ 47,524	\$ 27,203	\$ 74,727
Long-Term Liabilities:			
Due Within One Year	5,000	34,000	39,000
Due In More Than One Year	<u>12,988</u>	<u>1,247,000</u>	<u>1,259,988</u>
<b>Total Liabilities</b>	<b><u>65,512</u></b>	<b><u>1,308,203</u></b>	<b><u>1,373,715</u></b>
<b><u>Net Assets</u></b>			
Invested In Capital Assets, Net of Related Debt	547,866	3,095,321	3,643,187
Unrestricted	237,493	1,398,362	1,635,855
Reserved - Building	16,290	---	16,290
Restricted - Roads	<u>41,742</u>	<u>---</u>	<u>41,742</u>
<b>Total Net Assets</b>	<b><u>\$843,391</u></b>	<b><u>\$4,493,683</u></b>	<b><u>\$5,337,074</u></b>

The notes to financial statements are an integral part of this statement.

**FAIRFIELD TOWNSHIP**  
**Government-wide Statement of Activities**  
**For The Year Ended March 31, 2008**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Charges For Services</u></b>	<b><u>Operating Grants And Contributions</u></b>	<b><u>Capital Grants And Contributions</u></b>	<b><u>Net (Expenses) Revenues</u></b>
<b><u>Governmental Activities:</u></b>					
General Government	\$115,531	\$ 18,225	\$ ---	\$ ---	\$ (97,306)
Public Safety	114,829	29,724	1,139	---	(83,966)
Public Works	207,514	---	3,940	---	(203,574)
Recreation and Culture	455	---	1,000	---	545
Community and Economic Development	1,323	---	---	---	(1,323)
Other Functions	9,818	---	---	---	(9,818)
Interest Expense	<u>1,116</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(1,116)</u>
<b>Total Governmental Activities</b>	<u>450,586</u>	<u>47,949</u>	<u>6,079</u>	<u>---</u>	<u>(396,558)</u>
<b><u>Business-Type Activities:</u></b>					
Utilities	214,242	105,592	1,819	---	(106,831)
Interest on Debt	<u>61,353</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(61,353)</u>
<b>Total Business-Type Activities</b>	<u>275,595</u>	<u>105,592</u>	<u>1,819</u>	<u>---</u>	<u>(168,184)</u>
<b>Total All Expenses</b>	<u>\$726,181</u>	<u>\$153,541</u>	<u>\$7,898</u>	<u>\$ ---</u>	<u>\$ (564,742)</u>

The notes to financial statements are an integral part of this statement.

Page 10

**FAIRFIELD TOWNSHIP**  
**Government-wide Statement Of Activities (Concluded)**  
**For The Year Ended March 31, 2008**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business-Type</u></b> <b><u>Activities</u></b>	<b><u>Total</u></b>
<b><u>Changes In Net Assets</u></b>			
Net (Expense) Revenue	\$ (396,558)	\$ (168,184)	\$ (564,742)
General Revenues:			
Property Taxes and Assessments	226,721	---	226,721
Grants and Contributions			
Not Restricted To			
Specific Programs	129,727	---	129,727
Unrestricted Investment			
Earnings and Rentals	3,055	22,035	25,090
Transfer - Business Type Funds	<u>30,000</u>	<u>(30,000)</u>	<u>---</u>
<b>Total General Revenues, Contributions and Transfers</b>	<u>389,503</u>	<u>(7,965)</u>	<u>381,538</u>
<b>Change In Net Assets (Decrease)</b>	(7,055)	(176,149)	(183,204)
<b>Net Assets, Beginning of Year</b>	<u>850,446</u>	<u>4,669,832</u>	<u>5,520,278</u>
<b>Net Assets, End of Year</b>	<u>\$ 843,391</u>	<u>\$4,493,683</u>	<u>\$5,337,074</u>

The notes to financial statements are an integral part of this statement.

Page 11

**FAIRFIELD TOWNSHIP**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2008**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>				
Cash and Cash				
Equivalents	\$ 65,697	\$ 34,446	\$6,697	\$106,840
Prepaid Expenses	2,805	2,388	---	5,193
Receivables - Net	12,954	5,231	---	18,185
Due from Other Funds	<u>141,170</u>	<u>72,116</u>	<u>---</u>	<u>213,286</u>
<b>Total Assets</b>	<b><u>\$222,626</u></b>	<b><u>\$114,181</u></b>	<b><u>\$6,697</u></b>	<b><u>\$343,504</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable/				
Accrued Liabilities	\$ 45,353	\$ 2,171	\$ ---	\$ 47,524
Deferred Revenue	381	147	---	528
Due to Other Funds	<u>---</u>	<u>---</u>	<u>455</u>	<u>455</u>
<b>Total Liabilities</b>	<b><u>45,734</u></b>	<b><u>2,318</u></b>	<b><u>455</u></b>	<b><u>48,507</u></b>
<b><u>FUND BALANCES</u></b>				
Unreserved	118,860	111,863	6,242	236,965
Reserved - Building	16,290	---	---	16,290
Restricted - Roads	<u>41,742</u>	<u>---</u>	<u>---</u>	<u>41,742</u>
<b>Total Fund Balances</b>	<b><u>176,892</u></b>	<b><u>111,863</u></b>	<b><u>6,242</u></b>	<b><u>294,997</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$222,626</u></b>	<b><u>\$114,181</u></b>	<b><u>\$6,997</u></b>	<b><u>\$343,504</u></b>



**FAIRFIELD TOWNSHIP**  
**Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds**  
**To Net Assets Of Governmental Activities On The Statement of Net Assets**  
**March 31, 2008**

---

**Fund Balances – Total Governmental Funds** \$ 294,997

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

**Add:** Capital Assets 1,093,471

**Deduct:** Accumulated Depreciation (527,617)

Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.

**Add:** Deferred Revenue 528

Certain liabilities, such as bonds payable, notes payable, are not due and payable in the current period and therefore are not reported in the funds.

**Deduct:** Notes payable - USDA (17,988)

**Net Assets of Governmental Activities** \$ 843,391

**FAIRFIELD TOWNSHIP**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes In Fund Balances**  
**For The Year Ended March 31, 2008**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>				
Taxes and Assessments	\$150,107	\$ 77,284	\$ ---	\$ 227,391
Grants	---	---	---	---
Intergovernmental	129,161	---	566	129,727
Licenses and Permits	12,797	---	---	12,797
Fines and Forfeitures	339	---	---	339
Charges for Services	41	16,927	---	16,968
Interest and Rentals	3,025	22	8	3,055
Other	15,689	800	1,000	17,489
Franchise Fee	2,495	---	---	2,495
Metro Authority	3,940	---	---	3,940
<b>Total Revenue</b>	<b>317,594</b>	<b>95,033</b>	<b>1,574</b>	<b>414,201</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	108,365	---	---	108,365
Public Safety	13,250	80,666	600	94,516
Public Works	207,514	---	---	207,514
Recreation and Culture	---	---	455	455
Community Economic Development	1,323	---	---	1,323
Capital Outlay	213,712	5,287	---	218,999
Other Functions	10,934	---	---	10,934
<b>Total Expenditures</b>	<b>555,098</b>	<b>85,953</b>	<b>1,055</b>	<b>642,106</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(237,504)</b>	<b>9,080</b>	<b>519</b>	<b>(227,905)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	30,000	10,000	---	40,000
Transfers (Out)	(10,000)	---	---	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>20,000</b>	<b>10,000</b>	<b>---</b>	<b>30,000</b>
<b>Net Change In Fund Balances</b>	<b>(217,504)</b>	<b>19,080</b>	<b>519</b>	<b>(197,905)</b>
<b>Fund Balances – Beginning of Year</b>	<b>394,396</b>	<b>92,783</b>	<b>5,723</b>	<b>492,902</b>
<b>Fund Balances – End of Year</b>	<b>\$176,892</b>	<b>\$111,863</b>	<b>\$6,242</b>	<b>\$ 294,997</b>

The notes to financial statements are an integral part of this statement.

**FAIRFIELD TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures,**  
**And Changes In Fund Balances Of Governmental Statement Of Activities**  
**March 31, 2008**

---

**Net Change In Fund Balances – Total Governmental Funds** \$(197,905)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

**Deduct:** Depreciation Expense (41,201)

**Add:** Capital Outlay 218,999

Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.

**Add:** Deferred Revenue other adjustments (670)

Notes payable proceeds provide current financial resources To governmental funds in the period issued, but issuing notes payable increase long-term liabilities in the statement of net assets. Repayment of notes principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

**Add:** Principal payments on long-term liabilities 13,722

**Change In Net Assets Of Governmental Activities** \$ (7,055)

**FAIRFIELD TOWNSHIP**  
**Statement of Net Assets**  
**Proprietary Funds**  
**March 31, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 281,796	\$ 288,001	\$ 569,797
Accounts Receivable	7,580	9,979	17,559
Interest Receivable	1,102	999	2,101
Special Assessment Receivable - Current	19,882	99,890	119,772
Due from Other Funds	18,595	84,671	103,266
Prepaid Insurance	267	225	492
<b>Total Current Assets</b>	<b><u>329,222</u></b>	<b><u>483,765</u></b>	<b><u>812,987</u></b>
Noncurrent Assets:			
Property and Equipment - Net	1,685,535	2,690,786	4,376,321
Special Assessment Receivable	33,938	593,927	627,865
<b>Total Noncurrent Assets</b>	<b><u>1,719,473</u></b>	<b><u>3,284,713</u></b>	<b><u>5,004,186</u></b>
<b>Total Assets</b>	<b><u>\$2,048,695</u></b>	<b><u>\$3,768,478</u></b>	<b><u>\$5,817,173</u></b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 45	\$ 27,158	\$ 27,203
Due to Other Funds	15,287	---	15,287
Bonds and Note Payable - Current Portion	---	34,000	34,000
<b>Total Current Liabilities</b>	<b><u>15,332</u></b>	<b><u>61,158</u></b>	<b><u>76,490</u></b>
Noncurrent Liabilities:			
Bonds and Note Payable	---	1,247,000	1,247,000
<b>Total Noncurrent Liabilities</b>	<b><u>---</u></b>	<b><u>1,247,000</u></b>	<b><u>1,247,000</u></b>
<b>Total Liabilities</b>	<b><u>15,332</u></b>	<b><u>1,308,158</u></b>	<b><u>1,323,490</u></b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,685,535	1,409,786	3,095,321
Unrestricted	347,828	1,050,534	1,398,362
<b>Total Net Assets</b>	<b><u>2,033,363</u></b>	<b><u>2,460,320</u></b>	<b><u>4,493,683</u></b>
<b>Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets</b>	<b><u>\$2,033,363</u></b>	<b><u>\$2,460,320</u></b>	<b><u>\$4,493,683</u></b>

The accompanying notes are an integral part of this financial statement.

**FAIRFIELD TOWNSHIP**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For The Year Ended March 31, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Operating Revenues</b>			
Charges for Services	\$ 38,751	\$ 66,841	\$ 105,592
<b>Total Operating Revenues</b>	<u>38,751</u>	<u>66,841</u>	<u>105,592</u>
<b>Expenses</b>			
Salaries and Fringe Benefits	4,999	7,818	12,817
Supplies	826	1,618	2,444
Contractual Services	22,819	15,332	38,151
Miscellaneous	440	700	1,140
Utilities	2,624	969	3,593
Transportation	6,527	286	6,813
Insurance	3,233	2,693	5,926
Repairs and Maintenance	8,249	6,876	15,125
Depreciation	68,013	60,220	128,233
<b>Total Operating Expenses</b>	<u>117,730</u>	<u>96,512</u>	<u>214,242</u>
<b>Operating (Loss)</b>	<u>(78,979)</u>	<u>(29,671)</u>	<u>(108,650)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Investment Income	9,747	12,288	22,035
Interest Expense and Fiscal Charges	---	(61,353)	(61,353)
Other	1,070	749	1,819
Transfer In (Out)	(15,000)	(15,000)	(30,000)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(4,183)</u>	<u>(63,316)</u>	<u>(67,499)</u>
<b>(Loss)</b>	<u>(83,162)</u>	<u>(92,987)</u>	<u>(176,149)</u>
<b>Net Assets, Beginning of Year</b>	<u>2,116,525</u>	<u>2,553,307</u>	<u>4,669,832</u>
<b>Net Assets, End of Year</b>	<u>\$2,033,363</u>	<u>\$2,460,320</u>	<u>\$4,493,683</u>

The accompanying notes are an integral part of this financial statement.

Page 17

**FAIRFIELD TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities**  
**March 31, 2008**

---

<b>Change In Net Assets – All Enterprise Funds</b>	\$ (176,149)
No additional adjustments	<u>---</u>
<b>Change In Net Assets Of Business-Type Activities</b>	<u>\$ (176,149)</u>

**FAIRFIELD TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended March 31, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 43,577	\$ 70,731	\$ 114,308
Cash Payment to Suppliers For Goods and Services/Employees	(68,287)	(105,922)	(174,209)
<b>Net Cash Provided (Used)</b>	<b>(24,710)</b>	<b>(35,191)</b>	<b>(59,901)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Special Assessment Receivable	15,596	85,543	101,139
Bond Principal Payments	---	(33,000)	(33,000)
Bond Interest Payments	---	(61,353)	(61,353)
Transfer In (Out)	(15,000)	(15,000)	(30,000)
<b>Net Cash (Used) by Capital and Related Financing Activities)</b>	<b>596</b>	<b>(23,810)</b>	<b>(23,214)</b>
<b>Cash Flows From Investing Activities</b>			
Investment Income	11,428	11,289	22,717
Purchase of Capital Assets	---	---	---
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>11,428</b>	<b>11,289</b>	<b>22,717</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(12,686)</b>	<b>(47,712)</b>	<b>(60,398)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>294,482</b>	<b>335,713</b>	<b>630,195</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>281,796</b>	<b>288,001</b>	<b>569,797</b>
<b>Reconciliation to Statement of Net Assets</b>			
Cash and Cash Equivalents	<u>\$281,796</u>	<u>\$ 288,001</u>	<u>\$ 569,797</u>

The accompanying notes are an integral part of this financial statement.

Page 19

**FAIRFIELD TOWNSHIP**  
**Statement of Cash Flows (Concluded)**  
**Proprietary Funds**  
**For The Year Ended March 31, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating (Loss)	\$ (83,162)	\$ (92,987)	\$ (176,149)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	68,013	60,220	128,233
Changes in Assets and Liabilities:			
Prepaid Insurance	33	(7)	26
Accounts Receivable	3,757	2,841	6,598
Other Current Assets	1,681	(999)	682
Due from Other Funds	(18,595)	(69,384)	(87,979)
Accounts Payable, Accrued Liabilities Current Portion	(9)	(239)	(248)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>(28,282)</u></b>	<b><u>(100,555)</u></b>	<b><u>(128,837)</u></b>
<b>Cash Flows From Investing Activities:</b>			
Purchase of Capital Assets	---	---	---
<b>Net Cash (Used) from Investing Activities</b>	<b><u>---</u></b>	<b><u>---</u></b>	<b><u>---</u></b>
<b>Cash Flows From Financing Activities:</b>			
Principal Paid on Bonds/Notes	---	(33,000)	(33,000)
Special Assessment Receivable	15,596	85,843	101,439
<b>Net Cash (Used) from Financing Activities</b>	<b><u>15,596</u></b>	<b><u>52,843</u></b>	<b><u>68,439</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(12,686)</b>	<b>(47,712)</b>	<b>(60,398)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>294,482</u></b>	<b><u>335,713</u></b>	<b><u>630,195</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$281,796</u></b>	<b><u>\$ 288,001</u></b>	<b><u>\$ 569,797</u></b>

The accompanying notes are an integral part of this financial statement.

Page 20



**FAIRFIELD TOWNSHIP**  
**Fiduciary Funds – Statement of Net Assets**  
**March 31, 2008**

---

	<b>Current Tax Collection Fund</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	<u>\$328,934</u>
<b>Total Assets</b>	<u>\$328,934</u>
<b><u>Liabilities</u></b>	
Due to General Fund	\$140,715
Due to Fire Fund	72,116
Due to Water Fund	69,384
Due to Sewer Fund	18,594
Due to Other Authorities	<u>28,125</u>
<b>Total Liabilities</b>	<u>\$328,934</u>

The notes to financial statements are an integral part of this statement.

Page 21

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Fairfield Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

**A. Reporting Entity**

Fairfield Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**The General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**The Fire Fund** is a special Revenue Fund that receives monies for contractual services and charges for the purpose of providing fire protection and Advanced and Basic Life Support Services to the community.

The government reports the following major proprietary fund:

**The Water and Sewer Funds (Utilities)** are proprietary funds which accounts for activities of the government's waste water and water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, Liabilities, and Net Assets or Equity**

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Long-Term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
7. **Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**B. Excess of Expenditures Over Appropriations in Budgeted Funds** - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2008, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Elections	\$ 2,900	\$ 3,567	\$ 667
Public Works:			
Sanitation	375	3,550	3,175
Road and Maintenance	150,735	194,846	44,111
Street Lights	5,908	6,403	495
Community Economic Development:			
Planning and Zoning	1,288	1,323	35
Fire Fund:			
Truck Rental	515	539	24

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<u>Category 1</u>	<u>2</u>	<u>3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Checking, Savings and Certificate of Deposits	<u>\$200,000</u>	<u>\$805,571</u>	<u>\$ ---</u>	<u>\$1,005,571</u>	<u>\$1,005,571</u>
	<u>\$200,000</u>	<u>\$805,571</u>	<u>\$ ---</u>	<u>\$1,005,571</u>	<u>\$1,005,571</u>

**Balance Sheet Cash And Cash Investments**

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC) (FSLIC)	\$ 200,000
Uninsured:	
Uncollateralized	<u>805,571</u>
<b>Total</b>	<u>\$1,005,571</u>

The above amounts include Trust and Agency Funds of \$328,934.

**Deposits Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2008 \$805,571 of the Township's \$1,005,571 was exposed to custodial credit risk as follows:

Uninsured and Collateralized	<u>\$805,571</u>
------------------------------	------------------

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**Investment Custodial Credit Risk**

The Township has all of its investment in money market and certificate of deposits, thus not subject to investment credit risk.

**Concentration of Credit Risk**

The Township places no limit on the amount they may invest in one issue. 100% of their investments at March 31, 2008 are in savings accounts, money market accounts and certificate of deposits.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

**Statement of Net Asset:**

Cash and Cash Equivalents	\$ 676,637
	<u>676,637</u>

**Statement of Fiduciary Net Asset:**

Agency Funds:	
Cash and Cash Equivalents	<u>328,934</u>
	<u>328,934</u>
	<u>\$1,005,571</u>



**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Decreases</u>	<u>Balance</u>
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ ---	\$ ---	\$ 25,000
<b>Total Capital Assets Not Being Depreciated</b>	<u>25,000</u>	<u>---</u>	<u>---</u>	<u>25,000</u>
Capital Assets, Being Depreciated:				
Buildings	109,089	203,112	---	312,201
Vehicles	565,552	---	---	565,552
Equipment	174,831	15,887	---	190,718
<b>Total Capital Assets Being Depreciated</b>	<u>849,472</u>	<u>218,999</u>	<u>---</u>	<u>1,068,471</u>
Less Accumulated Depreciation For:				
Buildings	(52,062)	(5,588)	---	(57,650)
Vehicles	(332,660)	(25,849)	---	(358,509)
Equipment	(101,694)	(9,764)	---	(111,458)
<b>Total Accumulated Depreciation</b>	<u>(486,416)</u>	<u>(41,201)</u>	<u>---</u>	<u>(527,617)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>363,056</u>	<u>177,798</u>	<u>---</u>	<u>540,854</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 388,056</u>	<u>\$ 177,798</u>	<u>\$ ---</u>	<u>\$ 565,854</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 106,689	\$ ---	\$ ---	\$ 106,689
<b>Total Capital Assets Not Being Depreciated</b>	<u>106,689</u>	<u>---</u>	<u>---</u>	<u>106,689</u>
Capital Assets, Being Depreciated:				
Sewer and Water System	6,330,573	---	---	6,330,573
<b>Total Capital Assets Being Depreciated</b>	<u>6,330,573</u>	<u>---</u>	<u>---</u>	<u>6,330,573</u>
Less Accumulated Depreciation For:				
Sewer and Water System	(1,932,707)	(128,233)	---	(2,060,940)
<b>Total Accumulated Depreciation</b>	<u>(1,932,707)</u>	<u>(128,233)</u>	<u>---</u>	<u>(2,060,940)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>4,397,866</u>	<u>(128,233)</u>	<u>---</u>	<u>4,269,633</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$4,504,555</u>	<u>\$ (128,233)</u>	<u>\$ ---</u>	<u>\$ 4,376,322</u>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

Depreciation expense was charged to functions/programs of the Township as follows:

<b><u>Governmental Activities:</u></b>	
General Government	\$ 7,166
Public Safety	<u>34,035</u>
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<b><u>\$ 41,201</u></b>
 <b><u>Business-Type Activities:</u></b>	
Utilities	<u>\$128,233</u>
<b>Total Depreciation Expense</b>	
<b>Business-Type Activities</b>	<b><u>\$128,233</u></b>

**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**

At March 31, 2008, the following were interfund receivables and payables in the fund statement.

<b><u>Fund</u></b>	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
Water	\$ 69,384	\$ ---
Sewer	18,594	---
Hinde Playground	---	455
Fire	72,116	---
General	141,170	---
Current Tax Collection	<u>---</u>	<u>300,809</u>
<b>Total</b>	<b><u>\$301,264</u></b>	<b><u>\$301,264</u></b>

These amounts represent advances to be repaid in the current fiscal year.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**NOTE 6 – TRANSFERS BETWEEN FUNDS**

At March 31, 2008, the following transfers were made between funds:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Fire	\$10,000	\$ ---
Water	---	15,000
Sewer	---	15,000
General	<u>30,000</u>	<u>10,000</u>
<b>Total</b>	<b><u>\$40,000</u></b>	<b><u>\$40,000</u></b>

These monies were transferred for operations.

**NOTE 7 – PROPERTY TAXES**

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 8 – LONG-TERM DEBT**

Special Assessment Bond Payable - Series 2000 used for construction of the water system improvements.

Purpose: Construction of water system improvements.  
Date of Note: August 24, 2000.  
Interest Rate: 4.75%.  
Interest Payable: May 1, and November 1.  
Principal Payable: May 1, Amount of Issue: \$1,289,000.

<u>Year</u>	<u>Interest May 1</u>	<u>Principal May 1</u>	<u>Interest November 1</u>	<u>Total Payments</u>
2008	\$ 25,959	\$ 32,000	\$ 25,199	\$ 83,158
2009	25,199	33,000	24,415	82,614
2010	24,415	34,000	23,608	82,023
2011	23,608	34,000	22,800	80,408
2012	22,800	34,000	21,993	78,793
2013	21,993	34,000	21,185	77,178
2014	21,185	34,000	20,378	75,563
2015	20,378	34,000	19,570	73,948
2016	19,570	34,000	18,763	72,333
2017	18,763	34,000	17,955	70,718
2018	17,955	34,000	17,148	69,103
2019	17,148	34,000	16,340	67,488
2020	16,340	34,000	15,533	65,873
2021	15,533	34,000	14,725	64,258
2022	14,725	34,000	13,918	62,643
2023	13,918	34,000	13,110	61,028
2024	13,110	34,000	12,303	59,413
2025	12,303	34,000	11,495	57,798
2026	11,495	34,000	10,688	56,183
2027	10,688	34,000	9,880	54,568
2028	9,880	34,000	9,073	52,953
2029	9,073	34,000	8,265	51,338
2030	8,265	34,000	7,458	49,723
2031	7,458	34,000	6,650	48,108
2032	6,650	35,000	5,819	47,469
2033	5,819	35,000	4,988	45,807
2034	4,988	35,000	4,156	44,144
2035	4,156	35,000	3,325	42,481
2036	3,325	35,000	2,494	40,819
2037	2,494	35,000	1,663	39,157
2038	1,663	35,000	831	37,494
2039	831	35,000	0	35,831
	<u>\$431,687</u>	<u>\$1,093,000</u>	<u>\$405,728</u>	<u>\$1,930,415</u>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

---

**NOTE 8 – LONG-TERM DEBT (Continued)**

Water Supply System Revenue Bonds - Series 2000 used for construction of the water system improvements.

Purpose: Construction of water system improvements.

Date of Note: August 24, 2000.

Interest Rate: 4.75%.

Interest Payable: May 1 and November 1.

Principal Payable: May 1.

Amount of Issue: \$200,000.

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>
11/1/7	\$		\$ 4,465	\$ 4,465
5/1/8	2,000	4.750000	4,465	6,465
11/1/8			4,418	4,418
5/1/9	3,000	4.750000	4,418	7,418
11/1/9			4,346	4,346
5/1/10	3,000	4.750000	4,346	7,346
11/1/10			4,275	4,275
5/1/11	3,000	4.750000	4,275	7,275
11/1/11			4,204	4,204
5/1/12	3,000	4.750000	4,204	7,204
11/1/12			4,133	4,133
5/1/13	3,000	4.750000	4,133	7,133
11/1/13			4,061	4,061
5/1/14	3,000	4.750000	4,061	7,061
11/1/14			3,990	3,990
5/1/15	3,000	4.750000	3,990	6,990
11/1/15			3,919	3,919
5/1/16	4,000	4.750000	3,919	7,919
11/1/16			3,824	3,824
5/1/17	4,000	4.750000	3,824	7,824
11/1/17			3,729	3,729
5/1/18	4,000	4.750000	3,729	7,729
11/1/18			3,634	3,634
5/1/19	4,000	4.750000	3,634	7,634
11/1/19			3,539	3,539
5/1/20	4,000	4.750000	3,539	7,539
11/1/20			3,444	3,444
5/1/21	4,000	4.750000	3,444	7,444
11/1/21			3,349	3,349
5/1/22	5,000	4.750000	3,349	8,349
11/1/22			3,230	3,230
5/1/23	5,000	4.750000	3,230	8,230
11/1/23			3,111	3,111
5/1/24	5,000	4.750000	3,111	8,111
11/1/24			2,993	2,993
5/1/25	5,000	4.750000	2,993	7,993
11/1/25			2,874	2,874
5/1/26	6,000	4.750000	2,874	8,874
11/1/26			2,731	2,731

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

5/1/27	6,000	4.750000	2,731	8,731
11/1/27			2,589	2,589
5/1/28	6,000	4.750000	2,589	8,589
11/1/28			2,446	2,446
5/1/29	7,000	4.750000	2,446	9,446
11/1/29			2,280	2,280
5/1/30	7,000	4.750000	2,280	9,280
11/1/30			2,114	2,114
5/1/31	7,000	4.750000	2,114	9,114
11/1/31			1,948	1,948
5/1/32	7,000	4.750000	1,948	8,948
11/1/32			1,781	1,781
5/1/33	8,000	4.750000	1,781	9,781
11/1/33			1,591	1,591
5/1/34	8,000	4.750000	1,591	9,591
11/1/34			1,401	1,401
5/1/35	9,000	4.750000	1,401	10,401
11/1/35			1,188	1,188
5/1/36	9,000	4.750000	1,188	10,188
11/1/36			974	974
5/1/37	10,000	4.750000	974	10,974
11/1/37			736	736
5/1/38	10,000	4.750000	736	10,736
11/1/38			499	499
5/1/39	10,000	4.750000	499	10,499
11/1/39			261	261
5/1/40	11,000	4.750000	261	11,261
11/1/40				
	<u>\$188,000</u>		<u>\$188,154</u>	<u>\$376,154</u>

Notes Payable - USDA - for purchase of Fire Truck.  
Date of Note: April 24, 2001.  
Interest Rate: 4.75%.  
Principal Payable: April 1.  
Amount of Issue: \$90,000.  
Interest Payments: Semi Annual - April 1 and October 1.

<u>Year</u>	<u>Interest</u> <u>April 1</u>	<u>Principal</u> <u>April 1</u>	<u>Interest</u> <u>October 1</u>	<u>Total</u> <u>Payments</u>
2008	\$427	\$ 5,000	\$308	\$ 5,735
2009	308	6,000	166	6,474
2010	166	6,000	23	6,189
2011	23	988	---	1,011
	<u>\$924</u>	<u>\$17,988</u>	<u>\$497</u>	<u>\$19,409</u>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

<u>Debt Description</u>	<u>Beginning Balance 4/1/07</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance 3/31/08</u>
Special Assessment Bond Payable - Series 2000 - Water System And Improvements	\$1,124,000	\$ ---	\$31,000	\$1,093,000
Water Supply System Revenue Bonds - Series 2000 - Water System And Improvements	190,000	---	2,000	188,000
Notes Payable - USDA - Purchase of Fire Truck	<u>31,710</u>	<u>---</u>	<u>13,722</u>	<u>17,988</u>
<b>Total</b>	<u>\$1,345,710</u>	<u>\$ ---</u>	<u>\$46,722</u>	<u>\$1,298,988</u>

Debt service requirements over next five years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 39,000	\$ 60,823
2010	42,000	58,924
2011	43,000	57,504
2012	37,988	56,596
2013	37,000	54,816
2014-18	187,000	239,594
2019-23	191,000	194,755
2024-28	197,000	148,868
2029-33	205,000	101,345
2034-38	219,000	51,278
2039-40	<u>101,000</u>	<u>2,487</u>
<b>Total</b>	<u>\$1,298,988</u>	<u>\$1,026,990</u>

**NOTE 9 – OTHER INFORMATION**

**Risk Management**

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**FAIRFIELD TOWNSHIP**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended March 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>Resources (Inflows)</b>	\$394,396	\$394,396	\$394,396	\$ ---
Taxes and Assessments	139,146	139,146	150,107	10,961
Intergovernmental	132,000	132,000	133,101	1,101
Licenses and Permits	7,820	7,820	12,797	4,977
Fines and Forfeitures	50	50	339	289
Charges for Services	25	25	41	16
Interest and Rentals	5,000	5,000	3,025	(1,975)
Metro Authority	33,330	3,330	15,689	12,359
Franchise Fee	1,500	1,500	2,495	995
Transfers In	20,000	20,000	30,000	10,000
 <b>Amounts Available for Appropriation</b>	 <u>733,267</u>	 <u>703,267</u>	 <u>741,990</u>	 <u>38,723</u>
 <b><u>Charges to Appropriations (Outflows)</u></b>				
<b>General Government</b>				
Trustee Board	15,974	4,667	3,264	1,403
Supervisor	12,913	13,369	13,358	11
Treasurer	13,569	14,739	14,556	183
Assessing	16,905	17,215	16,041	1,174
Clerk	18,985	18,435	14,112	4,323
Elections	---	2,900	3,567	(667)
Attorney and Auditing	16,000	13,089	12,991	98
Cemetery	2,300	3,933	3,933	---
Board of Review	797	843	583	260
Building and Grounds	36,640	35,082	22,410	12,672
 <b>Public Safety</b>				
Inspections	14,184	16,008	13,250	2,758
 <b>Community Economic Development</b>				
Planning and Zoning	1,200	1,288	1,323	(35)
 <b>Public Works</b>				
Road and Maintenance	131,013	150,735	194,846	(44,111)
Sanitation	375	375	3,550	(3,175)
Street Lights	5,300	5,908	6,403	(495)
Drains at Large	5,000	5,914	5,914	---
Watershed	351	351	351	---
 <b>Capital Outlay</b>	 230,000	 230,218	 213,712	 16,506
 <b>Other Functions</b>	 32,320	 31,254	 10,934	 20,320
 <b>Transfer Out</b>	 <u>---</u>	 <u>30,000</u>	 <u>10,000</u>	 <u>20,000</u>
 <b>Total Charges to Appropriations</b>	 <u>553,826</u>	 <u>596,323</u>	 <u>565,098</u>	 <u>31,225</u>
 <b>Ending of Year Fund Balance</b>	 <u>\$179,441</u>	 <u>\$106,944</u>	 <u>\$176,892</u>	 <u>\$ 69,948</u>

The notes to financial statements are an integral part of this statement.



**FAIRFIELD TOWNSHIP**  
**Budgetary Comparison Schedule**  
**Fire Fund (Major Special Revenue Funds)**  
**For The Year Ended March 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 23,637	\$ 23,637	\$ 92,783	\$ 69,146
<b><u>Resources (Inflows)</u></b>				
Taxes	71,583	71,583	77,284	5,701
Interest	80	80	22	(58)
Donations	300	300	500	200
Miscellaneous	6,000	6,000	17,227	11,227
Transfer In	10,000	10,000	10,000	---
Grants	---	---	---	---
<b><u>Amounts Available for Appropriation</u></b>	<u>111,600</u>	<u>111,600</u>	<u>197,816</u>	<u>86,216</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
<b><u>Public Safety</u></b>				
Salaries and Wages	23,000	16,487	12,048	4,439
Fringe Benefits	1,759	1,759	935	824
Operating Supplies	3,037	2,111	1,823	288
Gas and Oil	3,500	3,500	2,648	852
Telephone	1,250	1,412	850	562
Repairs and Maintenance	10,000	10,000	7,775	2,225
Insurance	30,000	30,000	28,686	1,314
Dues and Publications	800	925	812	113
Computer Services	375	375	---	375
Transportation	2,400	3,024	2,824	200
Education & Training	3,800	3,800	3,593	207
Tank Rental	500	515	539	(24)
Other	23,700	30,438	18,133	12,305
Capital Outlay	<u>7,479</u>	<u>7,254</u>	<u>5,287</u>	<u>1,967</u>
<b><u>Total Charges to Appropriations</u></b>	<u>111,600</u>	<u>111,600</u>	<u>85,953</u>	<u>25,647</u>
<b><u>Ending of Year Fund Balance</u></b>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$111,863</u>	<u>\$111,863</u>

The notes to financial statements are an integral part of this statement.

Page 37

FAIRFIELD TOWNSHIP  
Combining Balance Sheet  
Non-Major Governmental Funds  
March 31, 2008

---

	Special Revenue Funds	Special Revenue Funds	Total Non-Major Governmental Funds
	Liquor Enforcement	Hinde Playground	
<b><u>Assets</u></b>			
Cash	\$ 244	\$6,453	\$6,697
<b>Total Assets</b>	<u>\$ 244</u>	<u>\$6,453</u>	<u>\$6,697</u>
<b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ ---	\$ ---	\$ ---
Due to Other Funds	<u>---</u>	<u>455</u>	<u>455</u>
<b>Total Liabilities</b>	<u>---</u>	<u>455</u>	<u>455</u>
<b><u>Fund Balance</u></b>	<u>244</u>	<u>5,998</u>	<u>6,242</u>
<b>Total Liabilities And Fund Balances</b>	<u>\$ 244</u>	<u>\$6,453</u>	<u>\$6,697</u>

**FAIRFIELD TOWNSHIP**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For The Year Ended March 31, 2008**

	<b>Special Revenue Funds</b>	<b>Special Revenue Funds</b>	<b>Total Non-Major Governmental Funds</b>
	<b>Liquor Enforcement</b>	<b>Hinde Playground</b>	
<b><u>Revenues:</u></b>			
Intergovernmental	\$ 566	\$ ---	\$ 566
Donations	---	1,000	1,000
Interest and Rents	<u>1</u>	<u>7</u>	<u>8</u>
<b>Total Revenue</b>	<u>567</u>	<u>1,007</u>	<u>1,574</u>
<b><u>Expenditures:</u></b>			
Public Safety	600	---	600
Recreation and Culture	<u>---</u>	<u>455</u>	<u>455</u>
<b>Total Expenditures</b>	<u>600</u>	<u>455</u>	<u>1,055</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(33)</u>	<u>552</u>	<u>519</u>
<b><u>Beginning Fund Balance</u></b>	<u>277</u>	<u>5,446</u>	<u>5,723</u>
<b><u>Ending Fund Balance</u></b>	<u>\$ 244</u>	<u>\$5,998</u>	<u>\$6,242</u>

The notes to financial statements are an integral part of this statement.

Page 39

# PHILIP R. RUBLEY

— Certified Public Accountant —

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

June 25, 2008

Fairfield Township Board  
Lenawee County  
1023 Pine St.  
P.O. Box 286  
Jasper, MI 49248

We have examined the financial statements of the Fairfield Township as of and for the year ended March 31, 2008 and have issued our report thereon dated June 25, 2008. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2008, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Statement on Auditing Standards Pronouncement 112 requires us as auditors to communicate what we determine to be significant deficiencies and material weaknesses to management and those charged with governance in regards to internal control matters.

A significant deficiency is a control deficiency or combination of control deficiencies that creates the remote likelihood that a misstatement of the Township's financial statements is more than inconsequential and will not be prevented or detected.

Based on the criteria we have no comments.

1. **GENERAL LEDGER**

The general ledger balances need to reflect all posting and be tied out to reconciliations and subsidiary ledger to reflect correct balances for the Township.

2. **BANK RECONCILIATIONS**

Bank reconciliations are not being prepared timely and monthly tied into general ledger balances, causing balances to be different because of missed transactions or other items.

**OTHER MATTERS FOR CONSIDERATION**

These comments are not significant deficiencies but are suggestions to improve your existing accounting and control systems.

1. **FIXED ASSETS - CAPITAL**

It will be necessary for the Township to establish and maintain records for acquisition and disposal of the Township's depreciation threshold of \$1500.

2. **CUSTODIAL RISK**

The Township has a custodial risk in regards to deposits with bank institutions (as explained in Note 3 of the financial statements). Consider moving funds to another bank to increase FDIC Insurance and reduce some custodial risk.

3. **RECONCILIATION OF GENERAL LEDGER**

The Clerk and Treasurer should meet to tie in general ledger balances with bank reconciliation.

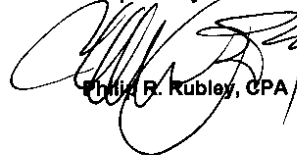
4. **PRIOR YEAR AUDIT ADJUSTMENTS**

Prior year audit adjustments should be booked to reflect prior fund balances and net assets to the next year.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated June 25, 2008 on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,



Philip R. Rubley, CPA